



## **Healthy Michigan Testimony**

*Senate Government Operations Committee*

*July 30, 2013*

**Submitted: Rob Fowler, President/CEO**

### ***Why Healthy Michigan is good for Business-***

- Our members have identified exploding healthcare costs as the single largest impediment to small business growth. Cost growth has consistently outpaced all other business expenses.
- Only 37 percent of businesses with 50 or fewer employees are able to afford healthcare coverage for their employees today. Put another way, over 60 percent of businesses are unable to afford coverage.
- This alarming trend is the result of a healthcare cost death spiral we currently find ourselves in where rising costs result in fewer and fewer employers able to afford coverage, leading to the increasing ranks of a population of uninsured citizens. More uninsured citizens leads to escalating uncompensated care costs by providers, which are passed along to the diminishing number of those still able to afford coverage.
- Without significant reform to the system, the end result of the status quo is a system where no one is able to afford insurance coverage.
- Michigan employers that can still afford to offer health insurance to their employees get hit three times:
  - Subsidization of the uninsured
  - Increased premiums, fees and taxes inherent from the Affordable Care Act.
  - Subject to additional penalties if unable afford coverage for their employees in the future.
- To be clear, SBAM opposed the Affordable Care Act, remains opposed and continues to fight against implementation in Washington today.
- SBAM's opposition centers on the fact that the ACA does nothing to address cost and in many ways exacerbates cost drivers going forward.
- While we continue to oppose the ACA, we recognize that it is the law of the land and that there are a few, rare occasions where the state lawmakers can wrestle some

control from the federal government to implement portions of the Act that are in the best interest of Michigan.

- Advocating for the expansion of Medicaid, or any government program for that matter, is an atypical position for our organization to be in. However, when we consider that premium payers are subsidizing the uninsured, we acknowledge that we have a stake in seeing that Medicaid does its job.

### ***Getting it Done, Getting it Right-***

- There is no question that this is a complex issue with huge consequences for our state.
- SBAM applauds the Senate for recognizing the importance of the issue and appreciates your desire to study the issue thoroughly and your keenness in finding a path forward.
- With so much at stake and with so few opportunities for state government to enact measures that can help bend the healthcare cost curve, we believe it important not to simply get it done, but to get it right.
- There are, however, a lot of moving parts that need to come together in a short period of time, and to maximize the positive impact of the reform measure it is important to move swiftly.
- We were pleased to partner with Representative Mike Shirkey in crafting what we believe to be a bill that strikes a good balance between providing coverage for the uninsured and important reforms that not only saves costs, but also delivers proper incentives for the expanded population to ultimately find alternative coverage.
- We are pleased with the studious effort undertaken by the Senate Workgroup on this issue, as they thoroughly study the issue and effects on our state. As a result, we believe they have taken a good bill and made it better.